

Memorandum

ECC Agenda Item IV.
September 21, 2010

To : ECC Members

Date : August 26, 2010

Telephone : (916) 561-4310

Facsimile : (916) 263-3672

E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager
Renewal/Continuing Competency & Client Services Units

Subject : Overview of the CBA and Common Services Provided by CPAs

The purpose of this memorandum is to provide Ethics Curriculum Committee members with a familiarity on the role of the California Board of Accountancy (CBA) and the common services provided by Certified Public Accountants (CPAs). Staff is providing the memorandum to supply background information for deliberations on the 10-semester units of ethics education that will be required for CPA licensure beginning January 1, 2014.

Overview of the CBA

From its inception in 1901, the CBA has, by statute, been charged with regulating the practice of public accountancy in California. The CBA has a fiduciary responsibility to protect the public and does so by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. With a dedicated staff of just over 80 individuals, the CBA regulates over 85,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals and accounting partnerships and corporations.

The CBA operates two main programs – Licensure and Enforcement. The CBA's Licensure Program establishes minimum standards for entry into the profession and, because of the dynamic and ever-changing nature of the profession, establishes minimum continuing education requirements designed to maintain or enhance licensees' competency to practice public accountancy. The CBA's Enforcement Program is designed to protect consumers, minimize substandard practice, rehabilitate licensees, and discipline licensees, as warranted.

The CBA operates as a semiautonomous board within the framework of the Department of Consumer Affairs and the State and Consumer Services Agency. Business and Professions Code Section 5000 establishes the composition of the CBA at 15 members, with a public member majority (eight public members and seven licensees). The CBA meets, at a minimum, six times yearly to discuss and develop policies for practice in California and take enforcement-related actions.

Overview of CBA and Common Service Provided by CPAs

Page 2 of 2

Common Services Provided by CPAs

The only services that CPAs provide for which only CPAs are authorized to provide are attestation services. Attestation services are services in which a practitioner is engaged to issue, or does issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party. Attest services include an audit, a review of financial statements, or an examination of prospective financial information.¹

Other common services performed by CPAs include corporate finance and governance; estate planning; financial accounting, analysis, and planning; forensic accounting and litigation support; management consulting; and tax preparation. With the exception of tax preparation, a CPA license is not needed to perform any of the aforementioned services. In California, the only individuals allowed to charge a fee for preparing taxes are CPAs, Enrolled Agents, Attorneys, and California Registered Tax Preparers.

While many large- and medium-sized firms provide most, if not all, of the services outlined above, many small firms and sole practitioners select to specialize in just one or two areas.

I will be available at the meeting to answer questions that ECC members may have.

¹ In California, licensees who want the ability to sign attest reports must document, as part of the experience requirement, a minimum of 500 hours attest experience performed under the supervision of a licensed CPA.